

———— NATIONAL CREDIT UNION ADMINISTRATION ————  
REGION III

LETTER OF UNDERSTANDING AND AGREEMENT

By and Between  
The National Credit Union Administration  
And  
Toledo Metro Federal Credit Union  
Charter Number 9189

During the most recent on-site contact with your credit union, the National Credit Union Administration (NCUA) noted adverse conditions and trends. We are concerned that your credit union's future may be in serious jeopardy. For this reason, we are asking you to join with us to formally recognize the seriousness of the credit union's situation. By so doing, you agree to vigorously dedicate yourself to the task of ensuring that your credit union is restored to a safe and sound condition. This is for the benefit of the National Credit Union Share Insurance Fund, your credit union, and more importantly, your members.

Please understand that by signing this Agreement, credit union officials are expected to make a sustained and conscientious effort to successfully correct the numerous deficiencies noted and minimize the opportunity for further operational deterioration.

The adverse conditions are identified as follows:

- Poor Loan Quality;
- Field of Membership violations;
- Delinquency;
- Weak Management.

To resolve the conditions noted above, the actions described below have been mutually agreed upon by all parties to the agreement. In consideration of Toledo Metro Federal Credit Union entering into this Agreement, the undersigned Regional Director hereby agrees to refrain from recommending the initiation of any formal administrative action in connection with the specific conditions addressed in this Agreement as long as the credit union and its officials make a sustained, effective and good faith effort to comply with all terms of this Agreement, including any required timeframes, or unless such administrative action is required by law or regulation.

## **AGREED UPON ACTIONS AND TIME-FRAMES**

### **LOAN QUALITY**

1. Beginning immediately and ongoing, loan officers will evaluate the creditworthiness of all applicants by:
  - a. Reviewing a current credit report and obtaining the credit score.
  - b. Calculating an accurate debt-to-income ratio.
  - c. Obtaining verification of income.
2. Beginning immediately and ongoing, loan officers will cease extending credit to applicants:
  - a. With credit scores below 590.
  - b. Repeatedly delinquent with one or more creditors during the preceding twelve months (regardless of current status).
  - c. With more than two unpaid collection items or any unpaid charge-offs on their credit report.
  - d. Delinquent with Toledo Metro Federal Credit Union within the preceding six months.
3. Beginning immediately and ongoing, the board and management staff will ensure all loans comply with the loan policy limits for debt ratios.
4. Beginning immediately and ongoing, the board will ensure the CEO does not have any loan approval authority.

### **Field of Membership**

1. Beginning immediately and ongoing, the board and management staff will enforce procedures requiring member verification of eligibility to join the credit union at inception, and will only allow individuals within the field of membership to join the credit union. The current approved membership will be reviewed and eligibility documented.
2. Beginning immediately and ongoing, accounts to individuals not within your field of membership must be closed. You must not provide services for individuals outside your field of membership.

### Delinquency

1. Beginning immediately and ongoing, the board and management will monitor the delinquency accounts and charge-off loans:
  - When you have not received payment in 6 months.
  - For members that have filed bankruptcy.
  - For members who have moved and left no forwarding addresses.
  - For deficiency balances.
  - For all other accounts meeting your charge off requirements.
2. Beginning immediately and ongoing, the board and management will monitor delinquency contacts to ensure staff is contacting members at the initial missed payment, and with increasing forcefulness as delinquency extends.

### MANAGEMENT

1. Beginning immediately and ongoing, the board will comply with Sections 701.14 and 741.205 of the NCUA Rules and Regulations regarding changes in officials of the credit union. This includes the manager, senior executive officers, board members, supervisory committee members, and credit committee members.
2. By March 31, 2006, and ongoing, the board will ensure compliance with all outstanding Document of Resolution items.
3. Beginning February 15, 2006, and monthly thereafter, the board will forward copies of the board minutes, financial statements (balance sheet and income statement), delinquent loan lists, and general ledger detail showing monthly charge-offs and recoveries to NCUA Principal Examiner Julie Gearhart by the 15<sup>th</sup> of each month.

It is our hope that the management of your credit union understands how seriously we take our responsibility to ensure that the credit union system remains safe, strong, and secure. In the event that the officials of the credit union violate the terms of this Agreement, including any required timeframes, or NCUA discovers additional adverse conditions not addressed by this Agreement, it is understood that the NCUA may, in its sole discretion, take appropriate administrative action pursuant to the Federal Credit Union Act, 12 U.S.C. §1786, et seq., including, but not limited to, civil money penalties, cease and desist orders, removal and prohibition orders, or orders to liquidate, conserve or merge the credit union.

The Regional Director has decided to publish this Agreement.

Toledo Metro Federal Credit Union  
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Therefore, the following individuals indicate that they understand and agree with the contents of this Agreement by affixing their signatures to Page 4 of this Letter. This Agreement may be modified only by mutual written agreement by the board of directors and the NCUA Regional Director.

FOR THE TOLEDO METRO FEDERAL CREDIT UNION

  
Chairman of the Board of Directors

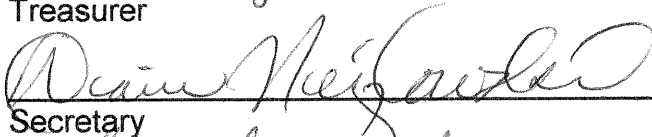
2/16/06  
Date

  
Vice-Chairman

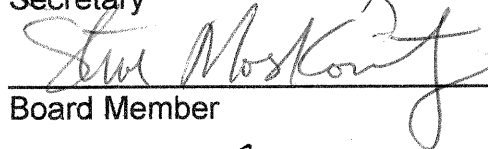
2-16-06  
Date

  
Treasurer


2-16-06  
Date

  
Secretary

2/16/06  
Date

  
Board Member

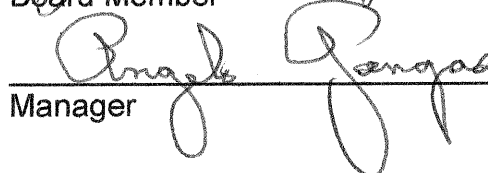
2/17/06  
Date

  
Board Member

02/16/06  
Date


  
Board Member

2/16/06  
Date

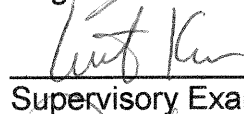
  
Manager

2/16/06  
Date

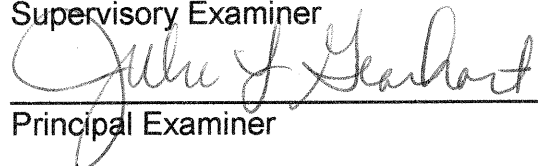
FOR THE NATIONAL CREDIT UNION ADMINISTRATION

  
Regional Director Alonzo A. Swann III

3/20/2006  
Date

  
Supervisory Examiner

3/10/06  
Date

  
Principal Examiner

3/7/06  
Date